

# REVENUE SERVICE FACT SHEET

[www.mass.gov/eolwd](http://www.mass.gov/eolwd)

## INFORMATION FOR EMPLOYERS ABOUT REPORTING WAGES TO DUA

Employers are required to report wages to the Division of Unemployment Assistance (DUA) in two instances:

- All employers report wages on the "DUA Quarterly Contribution Report" (Form 0001) to determine the unemployment insurance (UI) contributions each employer must pay. This amount is based on wages paid to your employees.
- Employers whose (former) employees file a claim for unemployment benefits must complete a request for Wage and Separation information to assist DUA in determining the claimant's eligibility for benefits.

### **All employers report wages to determine UI contributions due.**

The contribution that each employer pays to DUA varies according to the wages paid to employees. All wages are reported quarterly to DUA, and cover every form of payment made to employees, either directly or indirectly.

### **Guidelines for defining wages.**

Wages include all payments to an employee:

1. *Salary*
2. *Commission*
3. *Bonuses*
4. *The reasonable cash value of board, rent, housing or lodging*

### 5. *Cash Tips*

All employers must pay unemployment insurance contributions on at least the minimum wage for all employees. If an employee reports cash tips of \$20 or more in any calendar month, tips **are considered wages** and an employer must pay contributions on that amount.

### 6. *Payments to Consultants or Contractors*

Services performed by an individual are considered employment and payments made to the individual **are considered wages** unless:

- a. the individual is free from control and direction in connection with the performance of such services; **and**
- b. the service is performed either outside the usual course of business or is performed outside of the employer's place of business; **and**
- c. The individual is customarily engaged in an independently established trade, occupation, profession or business of the same nature.

### 7. *Wages Paid to Part-time Employees*

When reporting wages to DUA, employers must include wages paid to part-time employees, since these wages **are subject to contributions**.

### 8. *Payments to Corporate Officers*

All payments, including bonuses, to corporate officers for services performed **are considered wages**, and must be reported.

### 9. *Retirement, Deferred*

Compensation and Cafeteria Plans  
Generally, payments made to or from retirement funds are not considered wages. However, the amount which the employee elects to put into a deferred compensation plan (Section 401 (k)), as well as employer contributions to that plan, are considered wages. Employer payments into a "Cafeteria Plan" (Section 125) are not considered wages, as long as they are used to fund benefits which are exempt from the definition of wages under G.L. c. 151A, s. 1(s). Employee payments into a "Cafeteria Plan", to the extent that they are part of the employee's gross salary, are considered wages. Also if the employee elects to receive cash under a Cafeteria Plan the cash is considered wages.

### 10. *Sick and Other Pay Plans*

Payments made by an employer for insurance or annuities or into a fund for payment to employees or their dependents on account of sickness, accident disability, medical, hospitalization or death benefits are not wages, provided that the plan applies to all employees or to a certain class or classes of employees.

Generally sick and accident disability pay to employees, including third party payments, are wages. However, sick and accident disability pay to employees after six months are not wages. Also, payments made under a worker's compensation law are not wages.

### **For More Information About Reporting Wages to DUA**

If you have any questions on reporting wages paid to employees for the purpose of determining your UI contributions, please contact the DUA Revenue Department (617) 626-5050.